SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Ben Hueso, Chair
2021 - 2022 Regular

Bill No:	SB 1020	**Hearing Date:**	4/26/2022
Author:	Laird		
Version:	4/18/2022 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Nidia Bautista		

SUBJECT: Clean Energy, Jobs, and Affordability Act of 2022

DIGEST: This bill establishes interim targets to reach SB 100 clean energy goals and requires state agencies to purchase 100 percent zero carbon electricity by 2030 to serve their load. This bill establishes a California Affordable Decarbonization Authority (the Authority) as a nonprofit benefit organization as a mechanism to fund various electric utility-related programs and activities.

ANALYSIS:

Existing law:

1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations, while local publicly owned electric utilities are under the direction of their governing boards. (Article XII of the California Constitution)

2) Establishes it is the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100 percent of all retail sales of electricity to California end-use customers and 100 percent of electricity procured to serve all state agencies by December 31, 2045. (Public Utilities Code §454.53)

3) Requires the CPUC to ensure that facilities needed to maintain the reliability of the electrical supply remain available and operational. (Public Utilities Code §362)

4) Establishes a California Independent System Operator (CAISO) as a nonprofit public benefit corporation and requires the CAISO to ensure efficient use and reliable operation of the electrical transmission grid consistent with achieving planning and operating reserve criteria no less stringent than those established by the Western Electricity Coordinating Council and the North American Electric Reliability Council. (Public Utilities Code §345.5)

5) Requires the State Energy Resources Conservation and Development Commission (California Energy Commission (CEC)), in consultation with the CPUC, CAISO, transmission owners, users, and consumers, to adopt a strategic plan for the state's electrical transmission grid using existing resources in order to identify and recommend actions required to implement investments needed to ensure reliability, relieve congestion, and meet future growth in load and generation. (Public Resources Code §25324)

6) Designates the California Air Resources Board (CARB), via the California Global Warming Solutions Act of 2006, as the state agency responsible for monitoring and regulating sources emitting greenhouse gases (GHGs). Requires CARB to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in GHG emissions and to update the scoping plan at least once every five years. Requires CARB to conduct a series of public workshops to give interested parties an opportunity to comment on the plan and requires a portion of those workshops to be conducted in regions of the state that have the most significant exposure to air pollutants, including communities with minority populations, communities with low-income populations, or both. (Health and Safety Code §38561)

This bill:

1) Revises that state policy to instead provide that eligible renewable energy resources and zero-carbon resources supply 90 percent of all retail sales of electricity to California end-use customers by December 31, 2035, 95 percent of all retail sales of electricity to California end-use customers by December 31, 2040, 100 percent of all retail sales of electricity to California end-use customers by December 31, 2045, and 100 percent of electricity procured to serve all state agencies by December 31, 2030, as specified.

2) Authorizes the CPUC and CEC, upon request of the CAISO, to disclose to the CAISO confidential information relating to power purchase agreements with electric generation and energy storage projects for purposes of transmission planning.

3) Requires the CPUC and CEC to jointly authorize the establishment of the Authority as a nonprofit public benefit corporation and to take all necessary measures to create the Authority.

a) Requires the Authority to be governed by an independent board of directors appointed by the Governor, Speaker of the Assembly, and Senate Committee on Rules, as specified.
b) Requires the Authority to maintain open meeting standards and meeting notice requirements consistent with the requirements of the Bagley-Keene Open Meeting Act and the California Public Records Act.
c) Establishes the Climate and Equity Trust Fund as a trust fund, separate and apart from all public moneys or funds of the state, and would continuously appropriate the moneys in the trust fund to the Authority for the benefit of electricity customers and to promote affordable electricity rates, as specified, thereby making an appropriation.
d) Authorizes disbursements from the trust fund to be made through direct credits on ratepayer bills, direct rebates or incentives to market participants, technology vendors, technology installers, and end-use customers, and reimbursement of eligible costs incurred by an electrical corporation, electric service provider (ESP), community choice aggregator (CCA), or local publicly owned electric utility (POU) in the form of matching funds.
e) Requires the Authority to submit annual and multiyear spending plans for review and approval to the CPUC and CEC before disbursing trust fund moneys.

4) Provides that it is the intent of the Legislature to later appropriate $5,000,000 in the annual Budget Act to serve as startup funds in the trust fund for the Authority and for the Authority to repay those startup funds.

5) Modifies, with respect to the provision that a portion of the scoping plan workshops be conducted in regions of the state that have the most significant exposure to air pollutants, the above-described included communities as additionally being areas designated as federal extreme nonattainment.

Background

SB 100 (De León, Chapter 312, Statutes of 2018). SB 100 established the 100 Percent Clean Energy Act of 2017 which increases the Renewables Portfolio Standard (RPS) requirement from 50 percent by 2030 to 60 percent, and created the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100 percent clean energy. SB 100 also required CARB, CEC, and CPUC to issue a joint report by January 1, 2021, and at least every four years, that describes technologies, forecasts, affordability, and system and local reliability. The report is required to include an evaluation of costs and benefits to customer rate impacts, as well as, barriers to achieving the SB 100 policy. The first Joint Agency report was issued January 2021.

Renewable Portfolio Standard (RPS). California's ambitious RPS program is jointly implemented and administered by the CPUC and the CEC. The RPS program requires the state's energy LSEs, including investor-owned utilities (IOUs), CCAs, ESPs and POUs to procure 60 percent of their total electricity retail sales from eligible renewable energy resources by 2030, and a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100 percent clean energy. The RPS requires milestones on the path to 2030, including interim goals of 25 percent by 2016, 33 percent by 2020, 44 percent by 2024, and 52 percent by 2027. The state is well on its way to achieving its existing RPS targets. Most POUs are on track to meet their 2020 goals and working towards their 2030 goals. The state's three largest electric utilities generally have met current procurement goals and anticipate exceeding future procurement goals, with each having procured over 40 percent eligible renewable energy resources.

Integrated Resources Plan (IRP). As required in SB 350 (De León, Chapter 547, Statutes of 2015), the IRP process requires the CPUC to identify a portfolio of resources for electricity procurement that provides optimal integration of renewable energy in a cost-effective manner, and minimize impacts on ratepayer's bills. The identification of this portfolio is intended to guide load-serving entities (LSEs') IRPs, which help ensure that utilities meet GHG reduction targets for the electricity sector. As part of the IRP planning cycle, the CPUC adopts a reference system plan, which identifies the energy procurements needed to help the LSEs meet specific GHG reduction goals. In the most recent IRP decision (D.22-02-004) adopted in February of this year, the CPUC adopted a 38 million metric ton (MMT) 2030 electric sector GHG planning target for the 2021 Preferred System Plan (PSP) portfolio. The PSP portfolio includes approximately 25,500 megawatts (MW) (nameplate capacity) of new supply-side renewables, and 15,000 MW of new storage and demand response resources, by 2032, in addition to existing resources. The PSP portfolio includes long-lead time resources, including out-of-state renewables and offshore wind—two resource types the CPUC will continue evaluating moving forward. The PSP orders procurement of two storage resources that were identified by the CAISO as alternatives to transmission upgrades in the previous transmission planning process (TPP) cycle.

SB 1020 clean energy goals. This bill establishes interim targets to reach SB 100 goals. This bill explicitly revises state policy to provide that eligible renewable energy resources and zero-carbon resources supply 90 percent of all retail sales of electricity to California end-use customers by December 31, 2035 and 95 percent of all retail sales of electricity to California end-use customers by December 31, 2040.

State agency clean energy. Additionally, this bill requires 100 percent of electricity procured to serve all state agencies by December 31, 2030, as specified. This bill provides state agencies with two options to fulfil their clean energy requirement: (1) installing zero-carbon resources or eligible renewable energy resources onsite to serve the state agency, or (2) procuring zero carbon resources or eligible renewable energy resources from the local public utility or LSE. This bill establishes requirements on resources procured for state agencies, including ensuring they are located in California and interconnected in front of the customer's meter. This bill also requires contractors for the utility or LSE use a multicraft project labor agreement.

State Water Project. The State Water Project (SWP), operated by the Department of Water Resources (DWR), is both a major producer and consumer of electricity. As the largest single consumer of electricity in California, the SWP pump load ranges from 6,000,000 megawatt hours (MWh) to 9,500,000 MWh depending on the type of water year (dry, average, wet). The electricity is used to operate the SWP pumping plants, which are needed to deliver the water throughout the state. According their website: DWR has been proactively responding to the evolving power market by reducing reliance on fossil fuel energy resources, assisting in maintaining grid reliability, and controlling energy costs for water customers. 50 percent of the SWP's power is provided by its own emission-free hydroelectric generation. The SWP has a power portfolio consisting of 65 percent carbon-free resources, increasing to 75 percent by 2030 and 100 percent by 2045. DWR is finding innovative ways, such as adding solar to the system, to make this happen. In relation to the SWP, this bill requires specified actions, including some to help reduce costs, such as consider financing from the state's Infrastructure Bank.

Need for confidential information. In September 2021, the CEC, CPUC, CARB and CAISO published a *Report to the Governor on Priority SB 100 Actions to Accelerate the Transition to Carbon-Free Energy*. The report includes numerous recommendations related to expediting the transition to clean energy, including a recommended change to statute to allow the CPUC and CEC to disclose limited confidential information related to generation and energy storage projects with purchase-power agreements (PPAs) to CAISO for statewide planning purposes, but not for public release. The report noted that for the CPUC and CEC to effectively monitor project development progress, the agencies require detailed and consistent information that is often considered confidential. However, since the CAISO is not a state agency, legal barriers prevent the information to the CPUC and CEC from sharing information with the CAISO. The report notes that any disclosure of confidential information to the CAISO by a state agency may waive confidentiality designations of market sensitive information. The report notes that this legal barrier can constrain and hinder sharing of critical energy planning information related to generation online dates which can help with SB 100 implementation.

Utility rate and bill affordability. In recent years, California utility bills have typically been lower than most of the country. However, those trends are changing and California utility bills are inching higher. As stated in the CPUC 2021 report regarding utility costs and affordability, "California's policy goals could result in rate and bill increases that would make other policy goals more difficult to achieve and could result in overall energy bills becoming unaffordable for some Californians." The paper notes that wildfire mitigation and electrification are among the near-term needs that that place upward pressure on rates and bills. This bill proposes to establish the Authority to help reduce ratepayer costs. As proposed by this bill, the Authority would be a nonprofit benefit corporation with a board of legislative and government appointees. The Authority would be able to receive funds (state budget, federal dollars, other non-ratepayer funding) that could be used to reimburse utilities and their customers from specified expenses. This bill includes a broad list of possible utility-related activities that could be funded, such as wildfire mitigation, transportation electrification, public purpose programs, and others.

Guaranteeing utility bill reductions. Presuming that non-ratepayer funding would be channeled to the Authority, then specified utility-related costs could be offset by the influx of funding. In instances where there is no additional funding, then the existing electric rate recovery process would continue. In a year when the state is experiencing a budget surplus, the notion of funneling state General Fund dollars to the Authority seems realistic. However, in years without budget surpluses, or worse, cuts to the budget, there is not likely to be any offsetting of ratepayers costs. Some may find the mechanism appealing to support their desires for more spending, as opposed to reductions in costs borne by utility customers. As such the overall pie of expenses could grow for utility ratepayers and taxpayers. In this regard, the authors and committee may wish to ensure that the mechanism for the Authority does not result in increases in spending overall that could actually increase pressure on utility bills and rates and the state budget. *As such, the author and committee may wish to require annual reporting of actual utility bill impacts in order to ensure the mechanism is helping to reduce utility costs.*

Need to protect the most vulnerable. As currently drafted, any and all public purpose programs could be included among the activities that could be funded through the Authority. However, it's important to note that in the case of the most vulnerable residents who rely on low-income rate assistance programs, anticipating an annual or semi-annual credit may not be sufficient to address their needs for ongoing utility bill discounts, as some key programs are structured such as

California Alternate Rates for Energy (CARE). These programs are likely less suitable to the volatility of state budgets which could impact access to essential utility service which could affect the health and safety of these residents. *In this regard, the authors and committee may wish to remove low-income rate assistance programs from the list of eligible activities in order to ensure their continued, ongoing, and vital role in ensuring low-income families and residents have access to essential utility service.*

Prior/Related Legislation

SB 1158 (Becker, 2022) requires every retail supplier of electricity to annually report hourly GHG emissions data, including as part of the CEC's Power Source Disclosure Program, among other provisions. The bill is pending in this committee.

SB 887 (Becker, 2022) adjusts the planning horizon for the annual electricity transmission plan from 10-years to 15-years, and requires approval of at least two transmission projects as part of the CAISO 2022-23 TPP. The bill is pending in the Senate Committee on Appropriations.

SB 1174 (Hertzberg, 2022) requires specified reporting related to electric transmission projects, and also requires the CPUC in coordination with other state agencies to identify and advance all interconnections or transmission approvals necessary, as specified. The bill is pending in the Senate Committee on Appropriations.

SB 1032 (Becker, 2022) creates the Clean Energy Infrastructure Authority as a public instrumentality of the state for the purpose of leading the state's efforts to build critical electrical transmission infrastructure necessary to enable the state to transition to 100 percent clean energy, as specified. The bill is pending amendments in the Senate Committee on Governance and Finance.

SB 1203 (Becker, 2022) declares the intent of the Legislature that state agencies aim to achieve zero net emissions of GHGs resulting from their operations no later than January 1, 2035; requires each state agency to develop and publish a plan that describes its current GHG inventory, its planned actions for achieving net zero emissions, and an estimate of the costs associated with the planned actions, as specified. The bill is pending in the Senate Committee on Environmental Quality.

SB 1274 (McGuire, 2022) would include, as a project eligible for streamlining benefits related to CEQA certification, a clean energy transmission project that upgrades existing transmission infrastructure to bring renewable energy from an offshore wind project located within or adjacent to the County of Humboldt that meets specified requirements. The bill is pending in the Committee on Environmental Quality.

SB 100 (De León, Chapter 312, Statutes of 2018) established the 100 Percent Clean Energy Act of 2017 which increases the RPS requirement from 50 percent by 2030 to 60 percent, and created the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100 percent clean energy.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: Yes

SUPPORT:

Clean Power Campaign
The Utility Reform Network

OPPOSITION:

Western Electrical Contractors Association

ARGUMENTS IN SUPPORT: In support of this bill, The Utility Reform Network (TURN) expresses enthusiasm for proposed interim targets, requirements on state agencies to rely on specified clean energy, and the establishment of the Equity Trust Fund within the Authority to address rising electricity rates that threaten affordability. TURN states that "the creation of the Trust would demonstrate a long-term commitment to lower electricity rates, especially for middle and low-income residents who struggle to pay their monthly bills."

ARGUMENTS IN OPPOSITION: The Western Electrical Contractors' Association (WECA) opposes this bill because of the provision to require a Project Labor Agreement (PLA) for the electricity generation projects. WECA states the PLA requirement will raise energy costs, reduce competition, and discriminate against otherwise qualified contractors.

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